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International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financial report and audited financial statements

for the biennium ended 31 December 2011

and

Report of the Board of Auditors

General Assembly
Official Records
Sixty-seventh Session
Supplement No. 5K

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Report of the Board of Auditors

United Nations • New York, 2012

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

[19 July 2012]

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Letters of transmittal

31 March 2012

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2011, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

The Chair of the Board of Auditors
United Nations
New York

30 June 2012

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2011.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair, Board of Auditors

The President of the General Assembly
United Nations
New York

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2011, which comprise the statement of income, expenditure and changes in reserves and fund balances (statement I), the statement of assets, liabilities and reserves and fund balances (statement II), the statement of cash flows (statement III), the statement of appropriations (statement IV) and the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards and for such internal control as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements on the basis of our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes the performance of procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Criminal Tribunal for Rwanda as at

31 December 2011 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Tribunal that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations and the related annex, we have also issued a long-form report on our audit of the International Criminal Tribunal for Rwanda.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair, Board of Auditors
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the
United Kingdom of Great Britain and Northern Ireland

30 June 2012

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the International Criminal Tribunal for Rwanda for the biennium ended 31 December 2011. The audit was carried out at the Tribunal's headquarters in Arusha, United Republic of Tanzania.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the Tribunal as at 31 December 2011 and the results of operations and cash flows for the year then ended and have been properly prepared in accordance with United Nations system accounting standards.

Follow-up of previous recommendations

Of the 22 recommendations made for the biennium 2008-2009, 19 were fully implemented, one was under implementation and two were overtaken by events. Details of the status of implementation of these recommendations are shown in the annex to the present chapter.

Financial overview

Total income for the period under review amounted to $260.64 million while total expenditure amounted to $254.93 million, resulting in a surplus of $5.71 million. Total assets for the period under review amounted to $67.15 million while total liabilities amounted to $95.03 million. The reserves and fund balances showed a deficit of $27.88 million for the biennium under review.

The International Residual Mechanism for Criminal Tribunals

The Security Council, in its resolution 1966 (2010), decided to establish the International Residual Mechanism for Criminal Tribunals (the Mechanism) with two branches, which shall commence functioning on 1 July 2012 (Arusha branch) and 1 July 2013 (The Hague branch) respectively. The resolution also requested the Tribunals to prepare their closure and to ensure a smooth transition to the Mechanism.

The Board reviewed the budget for the Mechanism for the biennium 2012-2013 (A/66/537 and Corr.1) and noted that 44 posts were required, including 26 Professional and higher posts and 18 General Service and other posts. It was expected that 85 per cent of staff recruitment for the Mechanism should be completed by 1 July 2012. The Board noted, however, that the initial recruitment for the Arusha branch was in the preliminary stages only, and that no section chief and staff have been appointed to the Arusha branch, with the exception of those recruited for the Office of the Prosecutor. So far, the Tribunal has only initiated the recruitment of 10 posts for the Arusha branch, following requests received from the management of the Mechanism.

Given the short time left, at the time of writing, before the Mechanism was due to take up its duties, the Board was concerned that the delay in recruiting the required staff for the Arusha branch before 1 July 2012 would have a negative impact on the smooth transition from the Tribunal to the Mechanism. The Board was later informed that the Tribunal had completed the recruitment of staff in the Office of the Prosecutor, including the administrative officer, by the end of June 2012 and that the Mechanism commenced its operations in July 2012.

Progress towards the implementation of the International Public Sector Accounting Standards

The Board was informed by the implementation team for the International Public Sector Accounting Standards (IPSAS) at Headquarters that the Tribunal had planned to follow the timeline of the United Nations to implement IPSAS in 2014. At the time of reporting, however, it was not clear whether the Tribunal should implement IPSAS as planned, given the foreseeable closure of the Tribunal as of the end of 2014. While recognizing that the implementing team for IPSAS is developing accounting policies that can be applied to the International Criminal Tribunal for Rwanda and that the Tribunal was participating in the implementation process for IPSAS, the Board noted that, with the exception of following instructions given by the implementation team at Headquarters, the Tribunal had not proactively identified the changes it needs to make for the implementation of IPSAS, especially preparations to confirm, cleanse and migrate data for the implementation. Furthermore, given the close relationship between the Tribunal and the Mechanism, it is not clear to the Board how the Mechanism will implement IPSAS since it will be established after 1 July 2012. The recruitment of staff for the Mechanism has just commenced, and no section chief or staff have yet been appointed to the Arusha branch, with the exception of those recruited for the Office of the Prosecutor, as of the time of audit. The Board is concerned that the Tribunal and the Mechanism's insufficient readiness for and uncertainty with regard to IPSAS could result in a risk of delay in its implementation.

Budget management

Other staff costs were overspent by $2.37 million (i.e., it exceeded its original appropriations) and had to be covered by other resources. However, the Tribunal did not seek the approval of the appropriate authority.

Travel management

The Board noted the deficiencies in travel management, including a lack of detailed refund information in the ticket agreement, inconsistency between the agreement and practice, and delay in signing of the agreements. The Board is concerned that the deficiencies identified would hamper the reconciliation process and even could expose the Tribunal to an increased risk of fraud. The Board noted that for the period under review, a case of fraud or presumptive fraud relating to travel management was reported by the Tribunal.

Archives management

There was a backlog of audiovisual recordings of the Tribunal court proceedings to be redacted. It was noted that a backlog of 11,000 hours of audio and 30,000 hours of video existed. At the current pace, it might take at least 6.5 years to complete the redaction and thus the project might not be completed before 2016.

Recommendations

The Board has made a number of recommendations based on its audit. The main recommendations are that the Tribunal:

(a) **Continue to work closely with the Registrar of the Mechanism to make every effort to accelerate the process of lateral transfers and recruitment through the approved procedures;**

(b) **Expedite its preparations, proactively identify its need for the implementation of IPSAS and communicate with the Headquarters IPSAS implementation team to better prepare the implementation of IPSAS;**

(c) **Review its budget formulation and expenditure management system to ensure overexpenditure is minimized and prior approval is obtained from Headquarters;**

(d) **Supplement and sign the agreement with the travel agency in a timely manner and establish a tracking system to monitor the accuracy and integrity of the refunds from the agency; establish guidelines or standard operating procedures to reinforce the regularity of travel management;**

(e) **Expedite the work on archive management to effect an orderly transfer to the Mechanism.**

A. Mandate, scope and methodology

1. The International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 was established by the Security Council in its resolution 955 (1994) of 8 November 1994. According to articles 2, 3 and 4 of its statute, the Tribunal has been empowered to prosecute persons responsible for genocide and other serious violations of international humanitarian law committed in the territory of Rwanda and of neighbouring States between 1 January and 31 December 1994. In accordance with article 10 of its statute, the Tribunal consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry.

2. In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals with two branches, the branch for the International Criminal Tribunal for Rwanda, based in Arusha, United Republic of Tanzania, commencing operations on 1 July 2012 and the branch for the International Tribunal for the Former Yugoslavia, based in The Hague, the Netherlands, commencing operations on 1 July 2013. In the resolution, the Council further called upon the Tribunals to complete their work by 2014. From 1 July 2012, the International Criminal Tribunal for Rwanda will transfer to the Mechanism and will retain limited judicial and prosecutorial authority necessary to complete the ongoing trials and appeals. The Mechanism will coexist with both Tribunals during the biennium 2012-2013 and share resources, provide mutual support and coordinate beneficially.

3. The Board of Auditors has audited the financial statements of the Tribunal and has reviewed its operations for the biennium ended 31 December 2011 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Tribunal as at 31 December 2011 and the results of its operations and cash flows for the financial period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the Tribunal's operations under financial regulation 7.5,

which requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal's operations. Furthermore, the General Assembly had requested the Board to follow up on previous recommendations and to report thereon. These matters are addressed in the relevant sections of the present report.

6. The Board continues to report the results of audits to the Tribunal in the form of management letters containing detailed observations and recommendations. This practice allows for ongoing dialogue with the Tribunal. In this regard, one management letter was issued covering the period under review.

7. The Board coordinates with the Office of Internal Oversight Services in the planning of its audits to avoid unnecessary overlap of effort and to determine the extent to which it can rely on the work of the Office.

8. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly, including matters relating to specific requests from the Assembly and the Advisory Committee on Administrative and Budgetary Questions.

9. The Board's observations and conclusions were discussed with the Tribunal, whose views have been appropriately reflected in the report.

B. Main findings and recommendations

1. Follow-up of previous recommendations

10. Of the 22 recommendations made for the biennium 2008-2009, 19 (86 per cent) were fully implemented, 1 was under implementation and 2 had been overtaken by events. Details of the status of implementation of these recommendations are shown in the annex to the present report.

11. The Board noted that significant efforts had been made by the Tribunal to implement its recommendations. There was an obvious improvement compared with the implementing rate of 63 per cent in the previous biennium.

Recommendations under implementation

12. In its previous report (A/65/5/Add.11), the Board recommended that the Tribunal conduct periodic testing of its disaster recovery and business continuity plan. This recommendation is under implementation because the Tribunal was subject to a comprehensive audit of the Information and Communications Technology Governance, conducted by the Office of Internal Oversight Services. Observations made by the Board were made available to the audit team of the Office. The Board encourages the Tribunal to continue to implement its recommendation.

Recommendations overtaken by events

13. In its previous report, the Board recommended that the Tribunal continue its efforts to formulate and implement strategies to fill staff vacancies. Given the substantial reduction in the number of available posts from 628 to 416, the Tribunal currently has very few vacant posts. Furthermore, owing to the short time left for

the Tribunal to operate, there is no need for all the vacant posts to be filled within a short period.

14. The Board also previously recommended that the Tribunal prepare, in consultation with the Office of Human Resources Management, a specific guideline for selection of consultants. During the implementation of the completion strategy, the Tribunal is making limited use of consultants and therefore the establishment of a specific guideline for selection of consultants has not been a high priority action. The Tribunal has however followed the relevant rules and regulations in relation to the selection process.

2. Financial overview

15. For the period under review, total income amounted to $260.64 million while total expenditure amounted to $254.93 million, resulting in a surplus of $5.71 million.

16. Total assets for the period under review amounted to $67.15 million while total liabilities amounted to $95.03 million. The reserves and fund balances showed a deficit of $27.88 million for the biennium under review, compared with a deficit of $8.79 million for the preceding biennium, owing mainly to an increase in end-of-service and post-retirement liabilities.

17. Of the total assets, the Tribunal has $51.4 million in the cash pool, which is managed by the Treasury in the Headquarters cash pool. It mainly derives from the surpluses accumulated in previous years.

3. Progress towards implementation of the International Public Sector Accounting Standards

18. The Board was informed by the Headquarters IPSAS implementation team that the Tribunal had planned to follow the timeline of the United Nations to implement IPSAS in 2014 but that it was no longer clear whether the Tribunal should implement IPSAS as planned, given the foreseeable closure of the Tribunal as of the end of 2014. The Board understands that the Headquarters IPSAS implementation team is developing accounting policies that can be applied to the Tribunal. The Board was also informed that the Tribunal was participating in the IPSAS implementation process for the United Nations system, including the establishment of an asset register compliant with IPSAS, system reviews and staff training, with the aim that, if necessary, the Tribunal could produce statements compliant with IPSAS as opposed to United Nations system accounting standards. In the meantime, the Board noted that, to support this process, an IPSAS project team had been established in the Tribunal and was reviewing the project timetable recommended by the United Nations IPSAS team to establish how it could achieve the milestones and resources needed to support this process.

19. However, in the biennium 2010-2011, the Board noted that, with the exception of following instructions given by the Headquarters IPSAS implementation team and attending a workshop on IPSAS organized by the team, the Tribunal has not proactively identified changes it needed to make for the implementation of IPSAS, especially in relation to making preparations to confirm, cleanse and migrate data for the implementation of IPSAS. Furthermore, given the close relationship between the Tribunal and the Mechanism, it is not clear how the Residual Mechanism will implement IPSAS since it will be established after 1 July 2012 and extend its

mandate until after 31 December 2014. The recruitment of staff for the Residual Mechanism has just commenced, and that no section chief or staff have been appointed to the Arusha branch, with the exception of those recruited for the Office of the Prosecutor, as of the time of audit. The Board is concerned that the insufficient readiness for and uncertainty with regard to IPSAS in the Tribunal and the Mechanism could result in a risk of delay in its implementation.

20. **The Board recommends that the Tribunal expedite its preparations, proactively identify its need for the implementation of IPSAS and communicate with the Headquarters IPSAS implementation team to better prepare the implementation of IPSAS.**

4. The International Residual Mechanism for Criminal Tribunals

Significant delay in the recruitment of staff for the Mechanism

21. The Security Council, in its resolution 1966 (2010), decided to establish the Mechanism with two branches, which shall commence functioning on 1 July 2012 (Arusha branch) and 1 July 2013 (The Hague branch) respectively. In the resolution, the Council also requested the Tribunals to prepare the closure of the Tribunals and to ensure a smooth transition to the Mechanism, including through advance teams in each of the Tribunals.

22. According to an e-mail dated 28 March 2012 regarding human resources management for the Mechanism, the Tribunal will be responsible for all aspects of recruitment for General Service staff and lateral transfer exercises for vacancies at the Arusha branch.

23. The Board reviewed the budget for the Mechanism for the biennium 2012-2013 (A/66/537 and Corr.1) and noted that for the Arusha branch, 44 posts were required, including 26 Professional and higher posts, and 18 General Service and other posts. It was expected that 85 per cent of staff recruitment for the Mechanism should be completed by 1 July 2012. The Board noted, however, that the initial recruitment for the Arusha branch was in the preliminary stages only and that no section chief and staff had been appointed to the Arusha branch, with the exception of those recruited for the Office of the Prosecutor. So far, the Tribunal has only initiated recruitment of 10 posts for the Arusha branch, in response to requests received from the Mechanism management.

24. The Tribunal explained that no action could have been taken by the Tribunal until the delegation of authority by the Office of Human Resources Management was granted to the Registrar of the Mechanism. Given the short time remaining before the establishment of the Mechanism, the Board is concerned that the delay in recruiting the required staff for the Arusha branch before 1 July 2012 will have a negative impact on the smooth transition from the Tribunal to the Mechanism.

25. **The Tribunal concurred with the Board's recommendation that it continue to work closely with the Registrar of the Mechanism to make every effort to accelerate the process of lateral transfers and recruitment through the approved procedures.**

26. The Tribunal commented that it has completed the recruitment of staff in the Office of the Prosecutor, including the administrative officer, by 1 July 2012. The Mechanism commenced its operations in July 2012.

5. Completion strategy

No action plan for closure

27. In Security Council resolution 1966 (2010), the Tribunal is requested to take all possible measures to expeditiously complete all its remaining work no later than 31 December 2014.

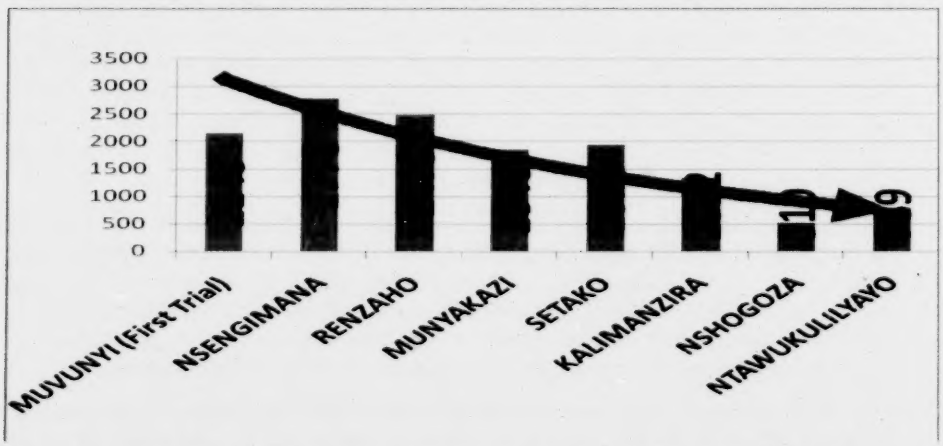
28. The Board would have expected a consolidated action plan by the Tribunal, outlining how it could complete its work in an orderly fashion before the closure of the Tribunal. The action plan should mainly include the issues to be addressed and the deadlines for reaching resolutions to those issues, should specify the accountable owners for the resolution of each issue, what benefits could be achieved and what risks would arise during the process of closure. While recognizing that the Tribunal has made a lot of efforts towards a timely closure, the Board did not note such an action plan in place to guide the Tribunal in the process for an orderly closure.

29. **The Board recommends that the Tribunal develop an action plan to guide the process for its orderly closure, including but not limited to issues to be addressed and the milestones, risks and benefits regarding the closure.**

Inaccurate information in the report of the completion strategy

30. In the report on the completion strategy of the Tribunal (S/2010/574), the President of the Tribunal reported the measures taken to implement the completion strategy. In Part II.A of the report, the Tribunal illustrated the days between transfer of the accused and delivery of trial judgement (2007-2010) in the figure reproduced below.

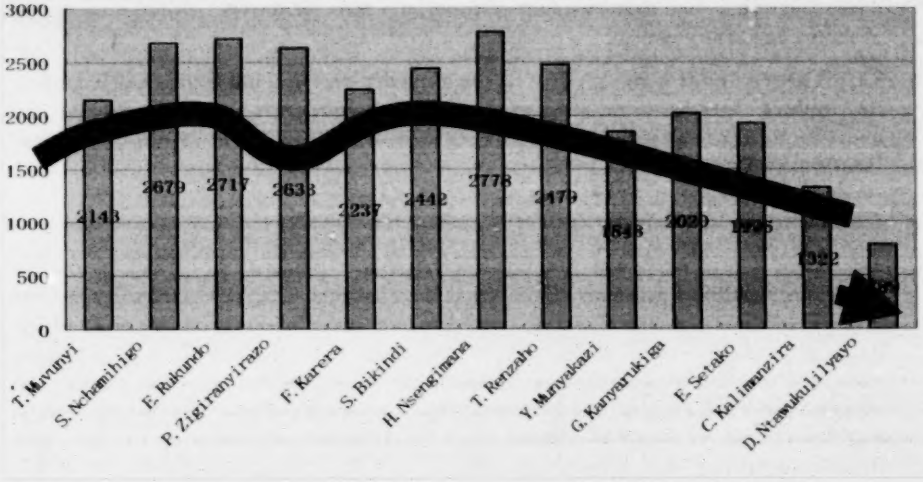
Figure I
Days between transfer of the accused and delivery of trial judgement (2007-2010)



Note: Cases are in chronological order according to transfer date, with the earliest on the left. If applicable, the number of days taken between the filing of an application under rule 11 bis and trial/appeal decision (as relevant) has been removed. All cases presented are single-accused trials in which the accused pleaded not guilty.

31. The Board reviewed all the cases and noted that there were 13 cases with delivery date of trial judgement between 2007 and 2010, and that 6 cases had not been included in figure 1. The Board illustrates the average number of days for the 13 cases in figure 2, in chronological order according to transfer date, showing that the time taken between the transfer of the accused and trial judgement has therefore not been reduced as markedly as shown in figure 1 in the completion strategy report.

Figure 2
Days between transfer of the accused and delivery of trial judgement of 13 cases (2007-2010)



Note: Cases are in chronological order according to transfer date, with the earliest on the left. If applicable, the number of days taken between the filing of an application under rule 11 bis and trial/appeal decision (as relevant) has been removed. All cases presented are single-accused trials in which the accused pleaded not guilty.

32. The Tribunal stated that the standard in the completion strategy report was not clearly illustrated. The standard should be the number of days between the start of trial and delivery of trial judgement (2007-2010), instead of days between transfer of the accused and delivery of trial judgement (2007-2010). The trial phase of five cases illustrated in figure 2 began before 2007, and one case judgement was delivered on the same day as the completion strategy report was distributed, therefore those cases were not included in figure 1.

33. The Board is of the view that ambiguous interpretation of the number of days each case took from start to finish could result in misunderstanding by the Security Council regarding the progress in implementing the completion strategy.

34. **The Tribunal concurred with the Board's recommendations that it (a) clearly state the parameters of the data regarding cases and set out the number of cases excluded from the analysis contained in the reports on the completion strategy, along with a clear rationale for their exclusion and (b) revise the incorrect number of days between transfer of the accused and delivery of trial judgement in its next report.**

6. Budget management

No approval of budget redeployment for overspends

35. The Board reviewed the allotment report of the Tribunal for the biennium 2010-2011 and noted that other staff cost was overspent by $2.37 million (i.e., it exceeded its original appropriations) and had to be covered by other resources. However, the redeployment was not approved by the appropriate authority.

36. The Tribunal explained that it remained at all times within the authorized staffing table but that, owing to factors beyond management control, actual common staff costs were higher than the budget. The Board is concerned that an overexpenditure, incurred without appropriate prior approval, would undermine effective budgetary control.

37. **The Tribunal concurred with the Board's recommendation that it review its budget formulation and expenditure management system to ensure overexpenditure is minimized and approval of redeployment is obtained from Headquarters.**

Unrealistic training budget

38. The Board reviewed training performance against the training budget ($647,693) for the biennium 2010-2011 and noted that 87 of 183 courses were not implemented. The Board also noted that for nine divisions or sections, none of the budgeted courses were conducted in the biennium 2010-2011. The Tribunal explained that the reasons for the non-conduct of courses was that the programme was no longer relevant, or had been substituted with a more relevant programme, or that the judicial workload would not permit making time available for training. The Board considered that, given that nearly half the budgeted courses were not implemented, either the training budget was unrealistic or control over training was deficient.

39. **The Tribunal agreed with the Board's recommendation that it establish more realistic training budgets and more effective management and monitoring of training activity.**

7. Financial management

Incorrect miscellaneous income

40. Reimbursement of actual expenditure incurred in prior financial periods shall be credited as miscellaneous income, according to rule 103.6 of Financial Regulations and Rules of the United Nations.

41. The Board reviewed original vouchers relating to the payment to the Arusha International Conference Centre for the rental of premises. It was noted that the refunds for electricity of $305,164 from the Arusha International Conference Centre for the previous biennium were not recorded as miscellaneous income; instead they were deducted directly from the disbursements in the biennium 2010-2011.

42. The misstatement of reimbursement of actual expenditure incurred in prior bienniums, while not material, led to an understatement of expenditure and miscellaneous income by the same amount in the current biennium.

43. **The Tribunal agreed with the Board's recommendation that it comply with the requirement of the Financial Regulations and Rules of the United Nations to accurately record the refunds from previous bienniums as miscellaneous income.**

8. Travel management

Ticket refunds

44. The Tribunal made an agreement with a travel agency to provide ticket service for the Tribunal. The Board reviewed the agreement and original vouchers of refund as discount from the agency and noted the following deficiencies:

- *Lack of detailed refund information.* The Board noted that $33,000 was refunded from the agency in 2011. However, except a bank statement attached in the voucher from KLM, no detailed information was available concerning the terms and conditions applicable to any refund, nor did the agreement provide any information regarding how the amount of refund was calculated.
- *Inconsistency between agreement and practice.* In practice, the discount given by the agency comprised both an upfront discount and a back-end incentive. However, the Board reviewed the agreement and noted that the upfront 10 per cent discount, which was given at the time of ticketing, was not included in the agreement.
- *Delay in the signing or absence of agreements.* The Board reviewed the agreement which was effective from 1 April 2011 to 31 March 2012 and noted that it had been signed on 5 October 2011, six months later than its effective date. The Tribunal informed the Board that the agreement usually lasted one year. The Tribunal also informed the Board that two agreements, for the periods 2010/2011 and 2012/2013, had not been signed, as of 18 April 2012.

45. The Board is concerned that the lack of detailed information about the refund calculation, as well as the deficiency in the agreement, would hamper the reconciliation process and could expose the Tribunal to an increased risk of fraud.

46. The Board noted that the Tribunal's reported cases of fraud or presumptive fraud for the biennium 2010-2011 included cases where a staff member in the Travel Unit favoured some travel agents by hiding fares from others and in return received free air tickets. The Board also noted an absence of guidelines or standard operating procedures to regulate the work of the travel unit.

47. As at 4 May 2012, the suspected staff member had been suspended. However, no further measures had been taken to remedy the weaknesses. The Board noted that the Tribunal is exposed to weaknesses in its management of travel and that further matters are under investigation by the Office of Internal Oversight Services.

48. **The Tribunal agreed with the Board's recommendation that (a) the agreement between the Tribunal and the travel agency be supplemented and signed in a timely manner and a tracking system established to monitor the accuracy and integrity of the refund from the agency; (b) guidelines or standard operating procedures be established to reinforce the regularity of travel management.**

9. Archives management

49. In June 2007, the representatives of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, together with the Archives and Records Management Section of the Office of Central Support Services and the Office of Legal Affairs, met in The Hague in order to develop and implement a common, comprehensive and coordinated strategy and project plan for archives and records management across the two Tribunals. The archiving strategy outlines, inter alia, the appropriate preservation of the work of the Tribunal and the development and implementation of access standards for records which can be disclosed.

50. The Board reviewed the current archives management arrangement and noted the following deficiencies:

- *Delay in the finalization of the retention schedule.* At the Joint Archives Strategy Working Group meeting in September 2011, the approval of the Tribunal's retention policies was identified as a critical priority. The Board noted that the Tribunal had not finalized retention schedules for the records approved by the Archives and Records Management Section.
- *Delay in the finalization of a Secretary-General's Bulletin on security and access policy.* Development of a new Secretary-General's Bulletin on security and access policy for the Tribunal was initiated in 2007 and had not been finalized at the time of reporting. The final version of the draft had been sent to the Security Council working group for the Tribunals on 26 April 2012, for consultation, and awaits finalization.
- *Backlog of records to be redacted.* The Board noted that there was a backlog of audiovisual recordings of the Tribunal court proceedings to be redacted. It was found that 11,000 hours of audio and 30,000 hours of video existed. According to current adapted projections, approximately 300 hours of redacted audiovisual material can be generated per month. At this pace, it will take at least 6.5 years to complete the redaction and thus the project will not be completed before 2016.

51. The Board is concerned that the Tribunal is exposed to a risk of delay in completing the archives, which should be effectively transferred to the Mechanism by 1 July 2012.

52. **The Tribunal concurred with the Board's recommendation that it expedite the work on archive management to effect an orderly transfer to the Mechanism.**

10. Property management

53. The Board noted there has been an improvement in property management regarding pending write-offs and pending disposals of assets compared with the biennium 2008-2009. However, the following deficiencies were still noted:

- *Not found property.* In the physical verification report of non-expendable property made by the Tribunal as at 31 December 2011, 39 assets amounting to $74,836 were not found, of which 33 assets, amounting to $44,372, were not found as at 25 April 2012.
- *Pending write-off assets.* The Tribunal was unable to process write-off requests in a timely manner. Two hundred and fifty-seven non-expendable property

items, amounting to $1,224,533, had been pending write-off as of 31 December 2011, of which 112 items, amounting to $405,685, had been pending write-off for more than 12 months.

- *Pending disposal assets*. Four hundred and eighty-eight items of non-expendable property, amounting to $1,471,818, had already been approved for write-off but not disposed of by the Tribunal as of 31 December 2011, of which 78 items of assets, amounting to $298,350 had not been disposed of within 6 months of approval, with approval dates ranging from 180 to 435 days.

54. The Board is concerned that the deficiencies in property management could result in an inaccurate disclosure of assets in the financial statement, especially in the context of preparations of the implementation of IPSAS.

55. **The Tribunal concurred with the Board's recommendations that it (a) further strengthen the cooperation among relevant sections to expedite the process of write-off and decrease the accumulation of assets pending write-off; (b) as part of its completion strategy, continue to pay close attention to the timely and efficient disposal of written off assets in order to ensure full compliance with the requirements of the Property Management Manual; and (c) continue to actively search for the assets that had not yet been found and update the assets records accordingly.**

C. Disclosures by management

1. Write-off of losses of cash, receivables and property

56. The Tribunal informed the Board that, in accordance with financial rule 106.9, property in the amount of $134,083 (compared with $108,824 in 2008-2009) had been written off during the biennium 2010-2011.

2. Ex gratia payments

57. As required by rule 105.12, the Tribunal reported that no ex gratia payments were made during the period under review.

3. Cases of fraud and presumptive fraud

58. In accordance with paragraph 6 (c) (i) of the annex to the Financial Regulations and Rules of the United Nations, the Tribunal reported to the Board the following cases of fraud and presumptive fraud:

(a) Some staff members in the shipping unit possibly split the awarding of contracts intentionally, as a result of which, the suspected selected vendors inflated the cost of freight;

(b) A staff member fraudulently falsifying the figures for fare quotations received from airline/travel agents with the malicious intention to favour one specific agent.

D. Acknowledgement

59. The Board wishes to express its appreciation to the President, the Prosecutor, the Registrar and the staff of the Tribunal for the cooperation and assistance extended to its staff.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair, Board of Auditors
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the
United Kingdom of Great Britain and Northern Ireland

30 June 2012

Annex

Status of implementation of recommendations of the Board of Auditors for the biennium ended 31 December 2009[a]

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Unliquidated obligations:						
Strictly adhere to the requirements of the Financial Regulations and Rules of the United Nations to ensure that obligations are supported by appropriate obligating documents	22	2008/09		X		
Results-based budgeting:						
Ensure that outputs are specific and measurable	40	2008/09		X		
Periodically review and update the workload indicator database to ensure the accuracy of the statistics	42	2008/09		X		
Completion strategy:						
Review the existing standards for the time between prosecution and defence and between the closing of evidence and judgement delivery, to ensure that the existing circumstances are fully taken into account	51	2008/09		X		
Legal aid system:						
Explore alternative options for conducting means tests in a cost-effective manner	55	2008/09		X		
Procurement and contract management:						
(a) Monitor all not-to-exceed amount contracts in order to avoid ex post facto cases; and (b) ensure that the quorum of the Local Committee on Contracts meetings is available when needed	57	2008/09		X		
Include bid bond clauses in solicitation documents for future procurement exercises where applicable	59	2008/09		X		
Periodically update the Tribunal's acquisition plans and ensure the completeness of the acquisition plans as required by the Procurement Manual	61	2008/09		X		
Ensure strict compliance with the Procurement Manual in relation to vendor performance evaluation	64	2008/09		X		
Non-expendable property management:						
Investigate the discrepancies relating to non-expendable property and take appropriate measures to ensure that the Tribunal's asset records are accurate and reliable	68	2008/09		X		
Expendable property management:						
Ensure that the field assets control system is updated in a timely manner in respect of receipts and issuance of expendable property	72	2008/09		X		

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Human resources management:						
Conduct a review of the long-vacant posts to determine whether they are still needed	75	2008/09	X			
Continue the efforts of the Tribunal to formulate and implement strategies to fill vacancies	76	2008/09				X
Strictly follow the procedures and provisions stipulated in the staff selection system in relation to the staff selection process	78	2008/09	X			
Intensify the efforts of the Tribunal to comply with the requirement for reference checks to be completed before new staff members are recruited	82	2008/09	X			
Consultants, experts and temporary assistance:	87	2008/09				
(a) Prepare, in consultation with the Office of Human Resources Management, a specific guideline for selection of consultants;						X
(b) Advertise consultancy opportunities both internally and externally			X			
Comply with the provisions of ST/AI/1999/7 in relation to the evaluation of consultants	89	2008/09	X			
Information technology:						
Conduct periodic testing of the Tribunal's disaster recovery and business continuity plan	92	2008/09		X		
Internal audit function:						
Expedite the filling of the vacant post of resident auditor at the Tribunal	96	2008/09	X			
Ensure that the resident audit office for the Tribunal observes the deadline for issuing audit reports	99	2008/09	X			
Total		**22**	**19**	**1**		**2**
Percentage		**100**	**86**	**5**		**9**

[a] *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 5K* (A/65/5/Add.11), chap. II.

Chapter III
Certification of the financial statements

1. The financial statements of the United Nations International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2011 have been prepared in accordance with financial rule 106.10.

2. The summary of significant accounting policies applied in the preparation of these statements is included in the notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the Tribunal during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, numbered I to IV, are correct.

(*Signed*) Maria Eugenia **Casar**
Assistant Secretary-General
Controller

29 March 2012

Chapter IV
Financial report for the biennium ended 31 December 2011

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium 2010-2011. The accounts consist of four statements and the related notes.

2. The present report is designed to be read in conjunction with the financial statements. Attached hereto is an annex, which includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules.

B. Overview

3. The total income for the biennium decreased by 15.9 per cent from $310.0 million to $260.6 million, owing mainly to a decrease in assessed contributions of $48.4 million.

4. The budget of the Tribunal for the biennium 2010-2011 totalled $257.1 million, as appropriated by the General Assembly in its resolutions 64/239, 65/252 and 66/238. Against this amount, actual expenditure for the biennium amounted to $254.9 million, leaving an unencumbered balance of $2.2 million which was attributable mainly to a surplus of $3.3 million in the Office of the Prosecutor offset by deficits in the Registry and under staff assessment. The 2010-2011 expenditure of $254.9 million represented a decrease of 12.7 per cent over the expenditure of $291.9 million in the biennium 2008-2009, which is attributable mainly to the scaling down of operations and reduction of posts at the Tribunal in line with the completion strategy and eventual transition to the International Residual Mechanism for Criminal Tribunals.

5. The following table shows the amount of expenditure by functional category (in thousands of United States dollars):

	2011	*2009*
Staff and other personnel costs	220 353	228 800
Travel	7 060	12 800
Contractual services	10 257	30 278
Operating expenses	12 349	14 602
Acquisitions	2 936	2 621
Other	1 974	2 825
Total	**254 929**	**291 926**

6. The following table shows expenditure by functional category as a percentage of the total:

	2011	*2009*
Staff and other personnel costs	86.4	78.4
Travel	2.8	4.4
Contractual services	4.0	10.4
Operating expenses	4.8	5.0
Acquisitions	1.2	0.9
Other	0.8	0.9
Total	**100.0**	**100.0**

7. Overall cash as at 31 December 2011 totalled $51.8 million, reflecting a slight decrease of $2.9 million compared to $54.7 million as at 31 December 2009.

8. The Tribunal's end-of-service liabilities relating to after-service health insurance, repatriation benefits and unused vacation days were determined on an actuarial basis, as described in note 7 to the financial statements, and amounted to $43.4 million, $14.2 million and $6.5 million, respectively, as of 31 December 2011. The Tribunal's liabilities for judges' pension benefits were also determined on an actuarial basis and amounted to $21.2 million. Further, pursuant to General Assembly resolution 65/258, the Tribunal estimated the liabilities for judges' relocation allowance benefits and ad litem judges' ex gratia benefits in the amounts of $0.5 million and $0.8 million, respectively. The total of all these liabilities stood at $86.6 million. This represents an increase of $29.9 million compared to the total of $56.7 million as of 31 December 2009.

Annex

Supplementary information

1. The annex provides supplementary information that the Secretary-General is required to provide.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, there was no write-off of cash or receivables during the biennium 2010-2011.

Write-off of property losses

3. In accordance with financial rule 106.9, property losses amounting to $134,084 were written off during the biennium 2010-2011.

Ex gratia payments

4. There were no ex gratia payments during the biennium 2010-2011.

Chapter V

Financial statements for the biennium ended 31 December 2011

Statement I

International Criminal Tribunal for Rwanda[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	2011	*2009*
Income		
Assessed contributions[b]	256 964	305 379
Interest income	2 748	3 489
Other/miscellaneous income	927	1 092
Total income	**260 639**	**309 960**
Expenditure		
Staff and other personnel costs	220 353	228 800
Travel	7 060	12 800
Contractual services	10 257	30 278
Operating expenses	12 349	14 602
Acquisitions	2 936	2 621
Other	1 974	2 825
Total expenditure	**254 929**	**291 926**
Excess (shortfall) of income over expenditure	**5 710**	**18 034**
Non-budgeted accrued income (expenses) for end-of-service and post-retirement benefits[c]	(29 831)	8 361
Prior-period adjustments	–	(90)
Net excess (shortfall) of income over expenditure	**(24 121)**	**26 305**
Cancellation of prior-period obligations	5 029	3 383
Reserves and fund balances, beginning of period	(8 791)	(38 479)
Reserves and fund balances, end of period	**(27 883)**	**(8 791)**

[a] See notes 2 and 3.

[b] In accordance with General Assembly resolutions 64/239 and 65/252, assessments for the Tribunal are based in part on the scale of assessments applicable to the United Nations regular budget and in part on the scale of assessments applicable to peacekeeping operations.

[c] Represents net increases in accrued liabilities for after-service health insurance costs of $20,022,000, for repatriation benefits of $3,183,000, for unused vacation days of $1,144,000, for judges' pension benefits of $4,118,000, for judges' relocation allowance benefits of $527,000 and for ad litem judges' ex gratia benefits of $837,000. See note 7.

The accompanying notes are an integral part of the financial statements.

Statement II

International Criminal Tribunal for Rwanda[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	2011	*2009*
Assets		
Cash and term deposits	375	1 544
Cash pool[b]	51 411	53 170
Assessed contributions receivable from Member States[c]	11 860	9 678
Inter-fund balances receivable	–	1 202
Other accounts receivable	2 137	2 380
Deferred charges	1 303	1 186
Other assets	60	155
Total assets	**67 146**	**69 315**
Liabilities		
Contributions or payments received in advance	262	75
Unliquidated obligations – current period	4 686	19 190
Inter-fund balances payable	176	–
Other accounts payable	3 331	1 948
Other liabilities	–	150
End-of-service and post-retirement liabilities[d]	86 574	56 743
Total liabilities	**95 029**	**78 106**
Reserves and fund balances		
Cumulative surplus (deficit)	(27 883)	(8 791)
Total reserves and fund balances	**(27 883)**	**(8 791)**
Total liabilities and reserves and fund balances	**67 146**	**69 315**

[a] See notes 2 and 3.

[b] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $10,183,240, short-term investments of $12,027,836 (market value $12,048,751), long-term investments of $29,116,333 (market value $29,070,930) and accrued interest receivable of $84,213. See note 6.

[c] Includes assessed contributions unpaid irrespective of collectability.

[d] Represents accrued liabilities for after-service health insurance costs of $43,318,000, for repatriation benefits of $14,228,000, for unused vacation days of $6,508,000, for judges' pension benefits of $21,156,000, for judges' relocation allowance benefits of $527,000 and for ad litem judges' ex gratia benefits of $837,000. See note 7.

The accompanying notes are an integral part of the financial statements.

Statement III

International Criminal Tribunal for Rwanda[a]

Statement of cash flows for the biennium ended 31 December 2011

(Thousands of United States dollars)

	2011	*2009*
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (statement I)	(24 121)	26 305
(Increase) decrease in assessed contributions receivable	(2 182)	5 335
(Increase) decrease in inter-fund balances receivable	1 202	1 091
(Increase) decrease in other accounts receivable	243	309
(Increase) decrease in deferred charges	(117)	156
(Increase) decrease in other assets	95	(49)
Increase (decrease) in contributions or payments received in advance	187	(9)
Increase (decrease) in unliquidated obligations	(14 504)	5 707
Increase (decrease) in inter-fund balances payable	176	–
Increase (decrease) in other accounts payable	1 383	383
Increase (decrease) in other liabilities	(150)	144
Increase (decrease) in end-of-service and post-retirement liabilities	29 831	(8 361)
Less: interest income	(2 748)	(3 489)
Net cash flows from operating activities	**(10 705)**	**27 522**
Cash flows from investing activities		
Interest income	2 748	3 489
Net cash flows from investing activities	**2 748**	**3 489**
Cash flows from financing activities		
Cancellation of prior-period obligations	5 029	3 383
Net cash flows from financing activities	**5 029**	**3 383**
Net increase (decrease) in cash and term deposits and cash pool	**(2 928)**	**34 394**
Cash and term deposits and cash pool, beginning of period	54 714	20 320
Cash and term deposits and cash pool, end of period	**51 786**	**54 714**

[a] See notes 2 and 3.

The accompanying notes are an integral part of the financial statements.

Statement IV
International Criminal Tribunal for Rwanda

Statement of appropriations for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Appropriations[a]			*Expenditures*			
Programme of work	*Original*	*Changes*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total*	*Unencumbered balance*
A. Chambers	10 612	831	11 443	10 950	56	11 006	437
B. Office of the Prosecutor	43 744	4 868	48 612	44 805	544	45 349	3 263
C. Registry	165 331	(794)	164 537	161 974	3 571	165 545	(1 008)
D. Records management and archives	7 560	1 540	9 100	7 692	515	8 207	893
E. Staff assessment	18 049	5 341	23 390	24 822	–	24 822	(1 432)
Total	**245 296**	**11 786**	**257 082**	**250 243**	**4 686**	**254 929**	**2 153**

[a] The appropriations for the biennium 2010-2011 were approved by the General Assembly in its resolutions 64/239, 65/252 and 66/238.

Notes to the financial statements

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, were as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance and facilitate post-conflict peacebuilding, engaging in humanitarian activities to ensure the survival of groups deprived of basic needs and overseeing the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other

organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly and the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management, or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination. The Organization follows International Accounting Standard 1, "Presentation of financial statements", regarding the disclosure of accounting policies, as modified and adopted by the Chief Executives Board, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, the disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed, together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed, together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund-accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Financial statements reflect the activities of each fund or of a group of funds of the same nature.

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in subparagraph (j) (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rate of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The cash flow summary statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards of the High-level Committee on Management.

(i) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994) and for the peacekeeping accounts which are reported on a fiscal-year basis covering the period from 1 July to 30 June.

(j) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the capital master plan, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, as well as the Working Capital Fund, are assessed on Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments on Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed on non-member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or are noted in the financial statements;

(v) Income received under inter-organization arrangements represents the allocation of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vi) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vii) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(viii) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instrument and investment income earned in the cash pools. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(ix) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditure charged to prior periods, net gains resulting from currency translations, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-member States as stated in subparagraph (j) (iii) above, monies accepted for which no purpose was specified, and other sundry income;

(x) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income as referred to in subparagraph (m) (iii) below.

(k) Expenditure:

(i) Expenditure is incurred against authorized appropriations or commitment authorities. Total expenditure reported includes unliquidated obligations and disbursements;

(ii) Expenditure incurred for non-expendable property is charged to the budget of the period when acquired and is not capitalized. The inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditure for future financial periods is not charged to the current financial period but recorded as deferred charges, as referred to in subparagraph (l) (vi) below.

(l) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value: long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The market value of investments is disclosed in the footnotes to the financial statements;

(iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are similar in nature and are accounted for as set out in subparagraph (l) (ii) above. The share in the cash pools is reported separately in each participating fund's statement and its composition and the market value of its investments are disclosed in a footnote to the statement. Currently, the International Criminal Tribunal for Rwanda participates in the Headquarters cash pool only. Additional details are provided in note 6;

(iv) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(v) Inter-fund balances reflect transactions between funds, and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(vi) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead-times are required for delivery;

(vii) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(viii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements.

(m) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities, and other income received but not yet earned;

(iv) The commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds of a multi-year nature remain valid until the completion of the project;

(v) Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits, unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. The accrued liabilities for all these end-of-service and post-retirement benefits, except for judges' relocation allowance benefits and ad litem judges' ex gratia benefits, are determined on an actuarial basis;

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan. An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual organizations participating in the plan, the United Nations is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan; thus the United Nations share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements. The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent of the applicable pensionable remuneration for the participant and 15.8 per cent for the Organization, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the date of the current financial statement, the General Assembly had not invoked that provision.

Note 3
International Criminal Tribunal for Rwanda (statements I-IV)

(a) The International Criminal Tribunal for Rwanda was established by the Security Council in its resolution 955 (1994). The Tribunal consists of the following organs:

(i) The Chambers, by statute, comprise three Trial Chambers and an Appeals Chamber. The Chambers are composed of a maximum of 16 permanent independent judges, no 2 of whom may be nationals of the same State, and a maximum at any one time of 12 ad litem independent judges, no 2 of whom may be nationals of the same State. At any one time, a maximum of three permanent judges and six ad litem judges are members of each Trial Chamber. Owing to the reduced workload of the Tribunal, however, there are currently only two Trial Chambers. The two Trial Chambers comprise two permanent judges and eight ad litem judges. Nine of the permanent judges are currently members of the Appeals Chamber. The Appeals Chamber is, for each appeal, composed of five of its members. The Appeals Chamber serves both the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia;

(ii) The Office of the Prosecutor. The Prosecutor is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of Rwanda and Rwandan citizens responsible for such violations committed in the territory of neighbouring States, between 1 January and 31 December 1994. The Prosecutor acts independently as a separate organ of the Tribunal;

(iii) The Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal.

(b) The General Assembly, in its resolutions 64/239, 65/252 and 66/238, approved the budget appropriations for the biennium 2010-2011. Annual budget apportionments are funded by assessments on Member States, 50 per cent in accordance with the scale of assessments applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations. States and intergovernmental and non-governmental organizations also contribute funds, equipment and services to the Trust Fund to support the activities of the International Tribunal for Rwanda in carrying out its mandate. The financial statements for the Tribunal are prepared every 12 months, with a final accounting at the end of the biennium.

(c) Statement I reports the income and expenditure and changes in the reserves and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

(d) Statement II shows the assets, liabilities and reserves and fund balances as at 31 December 2011. Excluded from the assets is the value of non-expendable property (see note 8).

(e) Statement III shows the cash flows for the period. It is prepared using the indirect method of cash flows as referred to in the United Nations system accounting standards.

(f) Statement IV reports on expenditure against the appropriation approved for the biennium.

Note 4
Status of appropriations

In accordance with General Assembly resolutions 64/239, 65/252 and 66/238, the appropriations and gross assessments for the biennium 2010-2011 are as follows (in thousands of United States dollars):

	2010	*2011*	*Total*
Initial budget appropriation (resolution 64/239)	122 648	122 648	245 296
Add: appropriation under resolution 65/252	–	12 508	12 508
Less: appropriation under resolution 66/238	–	(722)	(722)
Revised appropriation (resolution 66/238)	122 648	134 434	257 082
Less: decrease in appropriation for the biennium 2008-2009 (resolution 64/239)	(840)	–	(840)
Add: decrease in appropriation for the biennium 2010-2011 to be adjusted against the assessments in 2012	–	722	722
Gross amounts assessed on Member States	**121 808**	**135 156**	**256 964**

Note 5
Assets, liabilities and reserves and fund balances (statement II)

(a) The cash and term deposits figure represents the total cash balance (including funds held in local currency) at United Nations Headquarters and at the offices away from Headquarters.

(b) Assessed contributions unpaid:

(i) The assessed contributions receivable as at 31 December 2011 have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. On the basis of this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) As of 31 December 2011, the unpaid assessments total is $11,859,665, of which $3,718,867 are over one year old and $8,140,798 are less than one year old.

(c) Other accounts receivable. The following is the composition of the other accounts receivable as at 31 December 2011 compared with those as at 31 December 2009 (in thousands of United States dollars):

	2011	*2009*
Governments	168	176
Staff members	1 753	1 881
Vendors	12	8
United Nations	156	247
Others	48	68
Total	**2 137**	**2 380**

(d) Other accounts payable. The following is the composition of the other accounts payable balances as at 31 December 2011 compared with those as at 31 December 2009 (in thousands of United States dollars):

	2011	*2009*
Staff members	944	896
Vendors	491	4
United Nations entities	221	37
Others	863	61
Provision for repatriation grants	812	950
Total	**3 331**	**1 948**

Note 6
Cash pool

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the Tribunal. Such surplus funds are combined in one of three internally managed cash pools, which invest in major segments of the money and fixed income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;

(ii) Investment activities are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance of the various cash pools.

(b) Investment management objectives:

Further to the Guidelines, investment objectives of all the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return taking into account investment risk constraints and the cash flow characteristics of the pool. Benchmarks determine whether satisfactory market returns are being achieved in the cash pool.

(c) Financial information pertaining to the Headquarters cash pool:

(i) The Tribunal participates in the Headquarters cash pool only, which invests in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. All of the securities are denominated in United States

dollars. The Headquarters cash pool does not invest in derivative instruments, asset-backed, mortgage-backed or equity products;

(ii) Investment transactions are accounted for on a settlement-date basis. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the Headquarters cash pool are expensed as incurred in the Headquarters cash pool and the net income is distributed proportionately to the funds participating in the Headquarters cash pool;

(iii) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the Headquarters cash pool participants;

(iv) As at 31 December 2011, the Headquarters cash pool held assets of $8,853.9 million; of this amount, $51.4 million was due to the Tribunal as reflected against the Headquarters cash pool line in statement II — Statement of assets, liabilities and reserves and fund balances;

(v) Financial information of the Headquarters cash pool as at 31 December 2011 is summarized in table 1.

Table 1
Summary of assets and liabilities of the Headquarters cash pool as at 31 December 2011
(Thousands of United States dollars)

	Headquarters cash pool
Assets	
Short-term investments[a]	3 825 106
Long-term investments[b]	5 014 303
Total investments	**8 839 409**
Cash	1
Accrued investment income	14 503
Total assets	**8 853 913**
Liabilities	
Payable to the Tribunal	51 411
Payable to other funds participating in the Headquarters cash pool	8 802 502
Total liabilities	**8 853 913**
Net assets	–

Summary of net income of the Headquarters cash pool for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Headquarters pool
Net income	
Interest income	190 622
Realized gains on sales of securities	103 405
Securities lending income[c]	4 388
Net income from operations	**298 415**

[a] Lower of book value or fair value.
[b] Book value.
[c] Securities lending refers to the short-term loan of securities owned by the United Nations to other parties, and for which a fee is paid to the United Nations. The terms of the loan are governed by an agreement, which requires the borrower to provide the United Nations with collateral of a value greater than the loaned security.

(d) Composition of the Headquarters cash pool:

Table 2 shows a breakdown of the investments held in the Headquarters cash pool by type of instrument.

Table 2
Investments of the Headquarters cash pool by type of instrument as at 31 December 2011

(Thousands of United States dollars)

Headquarters cash pool	*Book value*	*Fair value*[a]
Bonds		
Government agencies	3 071 714	3 073 669
Non-United States sovereigns and supranationals	1 510 322	1 504 100
United States Treasury notes	1 603 813	1 603 796
Subtotal	**6 185 849**	**6 181 565**
Discounted instruments[b]	899 842	899 909
Term deposits	1 753 718	1 753 718
Total investments	**8 839 409**	**8 835 192**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.
[b] Includes United States Treasury bills and discount notes.

(e) Financial risk management:

The Headquarters cash pool is exposed to a variety of financial risks including credit risk, liquidity risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met as of 31 December 2011. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Individual Rating is used to rate term deposits. The credit ratings of the issuers whose securities were held in the Headquarters cash pool as of 31 December 2011 are shown in table 3;

Table 3
Investments of the Headquarters cash pool by credit ratings as at 31 December 2011
(Thousands of United States dollars)

Headquarters cash pool	*Total*[a]	*Ratings*
Bonds	6 185 849	S&P: 28.5% AAA, 69.9% AA+/AA- and 1.6% BBB+; Moody's: 95.5% Aaa, 2.9% Aa1/Aa3 and 1.6% Ba1.
Discounted instruments[b]	899 842	S&P: A-1+; Moody's: P-1.
Term deposits	1 753 718	Fitch: 76% A/B and 24% B.
Total investments	**8 839 409**	

[a] Represents the book value of securities as at 31 December 2011.
[b] Includes United States Treasury bills and discount notes.

(ii) Liquidity risk:

The Headquarters cash pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet United Nations commitments as and when they fall due. The major portion of the pool's cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the Headquarters cash pool is able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low;

(iii) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to change in interest rates. In general, as the interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk. The Headquarters cash pool is exposed to interest rate risk as its holdings comprise interest-bearing securities. As at 31 December 2011, the Headquarters cash pool invested primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average duration of the Headquarters cash pool was 1.12 years, which is considered to be an indicator of low interest rate risk; table 4 shows how the fair value of the Headquarters cash pool as at 31 December 2011 would increase or decrease

should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis point in the yield curve is shown (100 basis points equals 1 per cent). However in view of the current interest rate environment, the basis point shifts should be considered to be illustrative;

Table 4
Sensitivity of the Headquarters cash pool to interest rates as of 31 December 2011

Shift in yield curve (basis points)	*Change in fair value (United States dollars mil' ns)*
-200	197
-150	148
-100	99
-50	49
0	0
50	-49
100	-99
150	-148
200	-197

(iv) Other price risk:

The Headquarters cash pool is not exposed to significant other price risk, as it does not sell short, or borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.

Note 7
Accrued liabilities for end-of-service and post-retirement benefits

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits, commutation of unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. As disclosed in note 2, subparagraph (m) (v) above, all these liabilities, except for judges' relocation allowance benefits and ad litem judges' ex gratia benefits, are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance:

(i) At the end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. This benefit is referred to as after-service health insurance;

(ii) The major assumptions used by the actuary to determine the liabilities for after-service health insurance as at 31 December 2011 were a discount rate of 4.5 per cent; health care escalation rates of 8.0 per cent in 2012, grading down to 4.5 per cent in 2027 and later years; and retirement, withdrawal and

mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits. The main changes as compared to the 31 December 2009 valuation were: (a) a decline in the assumption for the discount rate from 6.0 per cent to 4.5 per cent, reflecting a broad decline in interest rates of the benchmark which is based on rates for high quality corporate bonds; and (b) an assumption for higher health care escalation rates for plans outside of the United States;

(iii) Another factor in the after-service health insurance valuation is to consider contributions by all plan participants in determining the Tribunal's residual liability. Thus, contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff are also deducted to arrive at the Tribunal's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Tribunal's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan;

(iv) On the basis outlined in subparagraphs (ii) and (iii) above, the present value of the accrued liability as at 31 December 2011 was estimated at $43,318,000, net of contributions from plan participants;

After-service health insurance	*Accrued liability (thousands of United States dollars)*
Gross liability	**78 872**
Offset by contributions from plan participants	(35 554)
Net liability	**43 318**

The above net liability of $43,318,000 compares to an estimate of $23,296,000 as at 31 December 2009. The increase of $20,022,000 is mainly owing to an actuarial loss of $17,805,000, which is primarily due to the change in the assumption for discount rates, from 6.0 per cent as at 31 December 2009 to 4.5 per cent as at 31 December 2011.

(v) Further to the assumptions set out in subparagraph (ii) above, it is estimated that the present value of the liability would increase by 21 per cent and decrease by 17 per cent if the medical cost trend increased or decreased by 1 per cent, respectively, all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 22 per cent and decrease by 17 per cent if the discount rate decreased or increased by 1 per cent, respectively, all other assumptions held constant.

(c) Repatriation benefits:

(i) At the end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based on length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) As referred to in note 2, subparagraph (m) (v), a consulting actuary was engaged to carry out an actuarial valuation of repatriation benefits as of 31

December 2011. The major assumptions used by the actuary were a discount rate of 4.5 per cent; annual salary increases ranging from 9.1 per cent to 4.0 per cent based on age and category of staff members, and travel cost increases of 2.5 per cent per annum;

(iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2011 was estimated at $14,228,000.

(d) Unused vacation days:

(i) At the end of service, staff members holding fixed-term or continuing appointments may commute unused vacation days up to a maximum of 60 working days;

(ii) As referred to in note 2, subparagraph (m) (v), a consulting actuary was engaged to carry out an actuarial valuation of unused vacation days as at 31 December 2011. The major assumptions used by the actuary were a discount rate of 4.5 per cent and an annual rate of increase in accumulated annual leave balances of 12.5 days in each of the first three years, 3.0 days per year in the fourth to sixth years and 0.1 days annually thereafter, capping at an accumulation of 60 days. Salaries are assumed to increase annually at rates ranging from 9.1 per cent to 4.0 per cent based on the age and category of staff members;

(iii) On the basis of these assumptions, the present value of the accrued liability of unused vacation days as at 31 December 2011 values was estimated at $6,508,000.

(e) Upon retirement, judges of the Tribunal are entitled to a pension, which is not payable by the Pension Fund. As referred to in note 2, subparagraph (m) (v), a consulting actuary was engaged to carry out an actuarial valuation of the liabilities related to judges' pensions. The actuary reported in March 2011 on the actuarial value of judges' pensions as at 31 December 2010, with the major assumptions used being a discount rate of 5.5 per cent, standardized mortality tables and cost-of-living increases at an annual rate of 3.0 per cent. Using the same assumptions, the actuary estimated the Tribunal's accrued liability as at 31 December 2011 would have been $19,104,000. However, as interest rates declined in 2011, the liability as at 31 December 2011 has been estimated by the Tribunal to be $21,156,000, by using a lower discount rate of 4.5 per cent.

(f) Pursuant to General Assembly resolution 65/258, the Tribunal judges are entitled to a relocation allowance benefit equal to that received by judges of the International Court of Justice. Further, ad litem judges of the Tribunal are entitled to a one-time ex gratia benefit upon completion of service for a continuous period of more than three years. The liabilities for relocation allowance benefits for judges and ex gratia benefits for ad litem judges as at 31 December 2011 are estimated at $527,000 and $837,000, respectively.

Note 8
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The

Tribunal's non-expendable property, valued at historical cost, according to its cumulative inventory records as at 31 December 2011 and 2009, respectively, was as follows (in thousands of United States dollars):

	2011	*2009*
Balance at 1 January	20 022	20 169
Acquisitions	2 053	2 077
Less: write-offs: accidents, thefts and damages	(134)	(109)
Less: dispositions	(4 065)	(970)
Adjustments	728[a]	(1 145)
Balance at 31 December	**18 604**[b]	**20 022**

[a] Primarily represents adjustments resulting from the inclusion of items previously excluded but which were subsequently determined to be non-expendable properties.

[b] Includes $1,472,000 for non-expendable property approved for write-off but not yet disposed of, and $1,225,000 for non-expendable property pending approval for write-off.

Note 9
Future operations

(a) In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals, with two branches for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia in order to carry out a number of essential functions, such as the trial of fugitives, after the closure of the Tribunals. The branch for the International Criminal Tribunal for Rwanda commences operations on 1 July 2012 for an initial period of four years. The Mechanism will coexist with both Tribunals during the biennium 2012-2013 and share resources, provide mutual support and coordinate beneficially.

(b) The Security Council, in its resolutions 1966 (2010) and 2029 (2011), requested that the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia take all possible measures to expeditiously complete all their remaining work no later than December 2014, to prepare their closure and to ensure a smooth transition to the Mechanism, including through advance teams in each of the Tribunals.

(c) With respect to funding of post-retirement benefits, the General Assembly, in its resolution 64/239, endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the liabilities for future payments of pensions to judges and surviving spouses should be addressed in the final budget submission and performance report of the Tribunal. With respect to after-service health insurance, the Assembly, in its resolution 64/241, requested the Secretary-General to submit to it, at its sixty-seventh session, a report on managing after-service health insurance liabilities.

Annex

Trust Fund to support the activities of the International Criminal Tribunal for Rwanda

Schedule of income, expenditure, reserves and fund balances for the biennium ended 31 December 2011 (in thousands of United States dollars)

	Reserves and fund balances beginning of period	*Income*	*Expenditure and other adjustments*	*Reserves and fund balances end of period*
Trust Fund to support the activities of the International Criminal Tribunal for Rwanda	1 186	745	817	1 114

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